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TOWN OF HENDERSON, LOUISIANA

**Financial Report
Year Ended June 30, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/21/09

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The Honorable Sherbin Collette, Mayor
and Members of the Town Council
Town of Henderson, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Henderson, Louisiana as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Henderson, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Henderson, Louisiana, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 17, 2009, on our consideration of the Town of Henderson, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The required supplementary information on pages 34 through 36 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Town of Henderson, Louisiana has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Henderson, Louisiana's basic financial statements. The other supplementary information on pages 37 through 46 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Kolder, Champagne, Slaven & Company, LLC

Certified Public Accountants

Breaux Bridge, Louisiana
September 17, 2009

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

TOWN OF HENDERSON, LOUISIANA

Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest bearing deposits	\$ 666,516	\$ 20,207	\$ 686,723
Accounts receivable	45,124	24,968	70,092
Internal balances	51,296	(51,296)	-
Due from other governmental units	46,706	10,467	57,173
Prepaid items	3,208	-	3,208
Total current assets	<u>812,850</u>	<u>4,346</u>	<u>817,196</u>
Noncurrent assets:			
Restricted cash	1,350	18,737	20,087
Capital assets, net	<u>1,084,677</u>	<u>5,321,725</u>	<u>6,406,402</u>
Total noncurrent assets	<u>1,086,027</u>	<u>5,340,462</u>	<u>6,426,489</u>
Total assets	<u>1,898,877</u>	<u>5,344,808</u>	<u>7,243,685</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries and other payables	70,840	5,238	76,078
Bonds payable	-	33,945	33,945
Notes payable	2,348	-	2,348
Customer deposits	<u>1,350</u>	<u>2,900</u>	<u>4,250</u>
Total current liabilities	<u>74,538</u>	<u>42,083</u>	<u>116,621</u>
Noncurrent liabilities:			
Bonds payable	-	1,536,954	1,536,954
Notes payable	<u>4,576</u>	<u>-</u>	<u>4,576</u>
Total noncurrent liabilities	<u>4,576</u>	<u>1,536,954</u>	<u>1,541,530</u>
Total liabilities	<u>79,114</u>	<u>1,579,037</u>	<u>1,658,151</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,077,753	3,750,826	4,828,579
Restricted	-	15,837	15,837
Unrestricted	<u>742,010</u>	<u>(892)</u>	<u>741,118</u>
Total net assets	<u>\$1,819,763</u>	<u>\$3,765,771</u>	<u>\$5,585,534</u>

The accompanying notes are an integral part of this statement.

TOWN OF HENDERSON, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2009

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 275,351	\$ 24,287	\$ -	\$ 432,425	\$ 181,361	\$ -	\$ 181,361
Sanitation	104,150	110,764	-	-	6,614	-	6,614
Public safety	375,514	665,743	11,040	-	301,269	-	301,269
Culture & recreation	22,189	11,825	9,115	-	(1,249)	-	(1,249)
Interest on long-term debt	651	-	-	-	(651)	-	(651)
Total governmental activities	777,855	812,619	20,155	432,425	487,344	-	487,344
Business-type activities:							
Sewer	332,334	199,524	10,467	-	-	(122,343)	(122,343)
Interest on long-term debt	64,147	-	-	-	-	(64,147)	(64,147)
Total business-type activities	396,481	199,524	10,467	-	-	(186,490)	(186,490)
Total	\$1,174,336	\$1,012,143	\$ 30,622	\$ 432,425	487,344	(186,490)	300,854
General revenues:							
Taxes -							
Property taxes, levied for general purposes					6,581	-	6,581
Sales and use taxes, levied for general purposes					87,863	-	87,863
Beer & tobacco taxes					3,456	-	3,456
Franchise taxes					63,816	-	63,816
State funds -							
State revenue sharing					2,535	-	2,535
Intergovernmental revenue					24,493	-	24,493
Investment income					632	-	632
Miscellaneous income					9,482	9,354	18,836
Total general revenues and transfers					198,858	9,354	208,212
Change in net assets					686,202	(177,136)	509,066
Net assets - July 1, 2008					1,133,561	3,942,907	5,076,468
Net assets - June 30, 2009					\$ 1,819,763	\$3,765,771	\$ 5,585,534

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

MAJOR FUNDS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Sales Tax Fund -

To account for the receipt and use of proceeds of the Town's 1% sales and use tax approved in a special election in June 1972. These taxes are dedicated for the purpose of constructing, acquiring, extending, improving and/or maintaining streets and incidental public buildings, including the acquisition of all necessary land, equipment, and furnishings for the aforesaid public works and improvements; and, maintaining and operating garbage and waste collection and disposal facilities, including the purchase of equipment.

Enterprise Fund

Utility Fund -

To account for the receipts and disbursements associated with the ongoing sewer system improvement project, as well as user charges and related expenses of sewer operations.

NONMAJOR FUNDS

One Special Revenue Fund and one Capital Projects Fund are presented as the nonmajor funds. Information about these funds can be found on pages 38-40.

Fiduciary Fund

Agency Fund -

The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The agency fund of the Town is used as a depository for the Lynch Botanical Gardens and Bird Sanctuary, Land Acquisition, Planning and Construction Project. Disbursements for this project are limited to capital improvements.

TOWN OF HENDERSON, LOUISIANA

Balance Sheet Governmental Funds June 30, 2009

	<u>General</u>	<u>Sales Tax Special Revenue</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and interest bearing deposits	\$ 554,410	\$ 94,337	\$ 17,769	\$ 666,516
Cash - restricted	-	1,350	-	1,350
Accounts receivable	13,189	31,935	-	45,124
Due from other governments	39,887	6,819	-	46,706
Due from other funds	40,163	11,133	-	51,296
Prepaid items	3,208	-	-	3,208
Total assets	<u>\$ 650,857</u>	<u>\$ 145,574</u>	<u>\$ 17,769</u>	<u>\$ 814,200</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 19,405	\$ 11,597	\$ 591	\$ 31,593
Retainage payable	38,685	-	-	38,685
Payroll liabilities	562	-	-	562
Customer deposits	-	1,350	-	1,350
Total liabilities	<u>58,652</u>	<u>12,947</u>	<u>591</u>	<u>72,190</u>
Fund balances -				
Reserved for prepaid items	3,208	-	-	3,208
Unreserved:				
Unreserved, undesignated	<u>588,997</u>	<u>132,627</u>	<u>17,178</u>	<u>738,802</u>
Total fund balances	<u>592,205</u>	<u>132,627</u>	<u>17,178</u>	<u>742,010</u>
Total liabilities and fund balances	<u>\$ 650,857</u>	<u>\$ 145,574</u>	<u>\$ 17,769</u>	<u>\$ 814,200</u>

The accompanying notes are an integral part of this statement.

TOWN OF HENDERSON, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2009

Total fund balances for governmental funds at June 30, 2009 \$ 742,010

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 31,000	
Buildings and improvements, net of \$120,408 accumulated depreciation	102,032	
Equipment and vehicles, net of \$125,401 accumulated depreciation	135,955	
Streets and improvements, net of \$174,286 accumulated depreciation	629,235	
Park and facilities, net of \$105,295 accumulated depreciation	174,574	
Office equipment, net of \$14,329 accumulated depreciation	<u>11,881</u>	1,084,677

General long-term debt of governmental activities is not payable from current resources and, therefore, not reported in the funds. This debt is:

Notes payable	<u>(6,924)</u>
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1,077,753

Total net assets of governmental activities at June 30, 2009

\$1,819,763

The accompanying notes are an integral part of this statement.

TOWN OF HENDERSON, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds
For the Year Ended June 30, 2009

	General	Sales Tax Special Revenue	Nonmajor Funds	Total
Revenues:				
Taxes	\$ 73,853	\$ 87,863	\$ -	\$ 161,716
Licenses and permits	24,287	-	-	24,287
Federal grants	432,425	-	9,115	441,540
Intergovernmental	4,022	-	-	4,022
State funds	34,046	-	-	34,046
Fees	665,743	110,764	-	776,507
Miscellaneous	9,482	-	-	9,482
Investment income	-	632	-	632
Park revenue	-	-	11,825	11,825
Total revenues	<u>1,243,858</u>	<u>199,259</u>	<u>20,940</u>	<u>1,464,057</u>
Expenditures:				
Current -				
General government	180,647	73,344	-	253,991
Sanitation	-	104,150	-	104,150
Public safety	346,273	-	-	346,273
Park and recreation	-	-	13,106	13,106
Debt service - principal	2,168	-	-	2,168
Debt service - interest	651	-	-	651
Capital outlay	513,758	-	8,350	522,108
Total expenditures	<u>1,043,497</u>	<u>177,494</u>	<u>21,456</u>	<u>1,242,447</u>
Excess (deficiency) of revenues over expenditures	<u>200,361</u>	<u>21,765</u>	<u>(516)</u>	<u>221,610</u>
Other financing sources (uses):				
Operating transfers in	-	-	13,350	13,350
Operating transfers out	(13,350)	-	-	(13,350)
Total other financing sources (uses)	<u>(13,350)</u>	<u>-</u>	<u>13,350</u>	<u>-</u>
Net changes in fund balances	187,011	21,765	12,834	221,610
Fund balances, beginning	<u>405,194</u>	<u>110,862</u>	<u>4,344</u>	<u>520,400</u>
Fund balances, ending	<u>\$ 592,205</u>	<u>\$ 132,627</u>	<u>\$ 17,178</u>	<u>\$ 742,010</u>

The accompanying notes are an integral part of this statement.

TOWN OF HENDERSON, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statements of Activities
For the Year Ended June 30, 2009

Total net changes in fund balances per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 221,610
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The change in net assets reported for governmental activities in the
statement of activities is different because:

*Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.*

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	522,108
Depreciation expense	(59,684)

Governmental funds record long-term debt principal payments in the
Statement of Revenues, Expenditures and Changes in Fund Balances as
opposed to recording the principal payments in the Statement of Net Assets.

Principal debt payments for the year ended June 30, 2009	<u>2,168</u>
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Total changes in net assets per Statement of Activities	<u>\$ 686,202</u>
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The accompanying notes are an integral part of this statement.

TOWN OF HENDERSON, LOUISIANA

Statement of Net Assets
Proprietary Fund
June 30, 2009

ASSETS

Current assets:

Cash	\$ 20,207
Accounts receivable	24,968
Due from other governments	<u>10,467</u>
Total current assets	<u>55,642</u>

Noncurrent assets:

Restricted cash	18,737
Capital assets	<u>5,321,725</u>
Total noncurrent assets	<u>5,340,462</u>
Total assets	<u>5,396,104</u>

LIABILITIES

Current liabilities:

Accounts payable	5,238
Due to other funds	51,296
Bonds payable	33,945
Customer deposits	<u>2,900</u>
Total current liabilities	<u>93,379</u>

Noncurrent liabilities:

Bonds payable	<u>1,536,954</u>
Total liabilities	<u>1,630,333</u>

NET ASSETS

Invested in capital assets, net of related debt	3,750,826
Restricted	15,837
Unrestricted	<u>(892)</u>
Total net assets	<u>\$3,765,771</u>

The accompanying notes are an integral part of this statement.

TOWN OF HENDERSON, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Assets -

Proprietary Fund

For the Year Ended June 30, 2009

Operating revenues:

Charges for services -

Sewer service charges	\$ 199,524
Total operating revenue	<u>199,524</u>

Operating expenses:

Administrative fees	2,988
Contract labor	18,960
Computer expense	2,237
Supplies, repairs and maintenance	33,794
Professional fees	2,163
Installation and technician fee	6,400
Depreciation	230,780
Testing and inspection fees	1,605
Utilities	24,602
Waste disposal fees	1,800
Salaries	2,333
Payroll expenses	226
Miscellaneous	4,446
Total operating expenses	<u>332,334</u>

Operating loss	<u>(132,810)</u>
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Non-operating revenue and expenses:

Grants:

FEMA grant	10,467
Interest expense	(64,147)
Miscellaneous income	<u>9,354</u>
Total non-operating revenue	<u>(44,326)</u>

Change in net assets	(177,136)
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Net assets, beginning	<u>3,942,907</u>
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Net assets, ending	<u>\$ 3,765,771</u>
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The accompanying notes are an integral part of this statement.

TOWN OF HENDERSON, LOUISIANA

Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2009

Cash flows from operating activities:	
Receipts from customers	\$ 198,946
Payments to suppliers	(99,373)
Payments to employees	<u>(2,333)</u>
Net cash used by operating activities	<u>97,240</u>
Cash flows from noncapital financing activities:	
Increase in customer deposits, net of refunds	2,900
Other receipts	<u>9,354</u>
Net cash provided by noncapital financing activities	<u>12,254</u>
Cash flows from capital and related financing activities:	
Interest paid on bonds & notes payable	(64,147)
Principal paid on bonds & notes payable	(32,135)
Acquisition of capital assets	<u>(6,064)</u>
Net cash provided by capital and related financing activities	<u>(102,346)</u>
Cash flows from investing activities	<u>-</u>
Net decrease in cash and cash equivalents	7,148
Cash and cash equivalents, beginning of period	<u>31,796</u>
Cash and cash equivalents, end of period	<u>\$ 38,944</u>

(continued)

TOWN OF HENDERSON, LOUISIANA

Statement of Cash Flows
Proprietary Fund (continued)
For the Year Ended June 30, 2009

Reconciliation of operating income to net cash provided by
operating activities:

Cash flows from operating activities

Operating loss \$ (132,810)

Adjustments to reconcile operating loss to net cash provided
by operating activities-

Depreciation 230,780

Changes in current assets & liabilities:

Increase in accounts receivable (578)

Decrease in accounts payable (152)

Total adjustments 230,050

Net cash used by operating activities \$ 97,240

The accompanying notes are an integral part of this statement.

TOWN OF HENDERSON
Henderson, Louisiana

Statement of Fiduciary Assets and Liabilities - Agency Fund
June 30, 2009

Assets

Cash and cash equivalents	<u>\$ 10</u>
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Liabilities

Held for others	<u>\$ 10</u>
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The accompanying notes are an integral part of this statement.

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The Town of Henderson, Louisiana (the "Town") was incorporated in March 1971, under the provisions of the Lawrason Act, State of Louisiana. The Town operates under a Mayor-Town Council form of government and provides the following services as authorized by its charter, public safety (police and fire), streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The accounting and reporting practices of the Town of Henderson conform to generally accepted accounting principles as applicable to governmental units on a consistent basis between periods. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the industry audit guide, Audits of State and Local Governments, published by the American Institute of Certified Public Accountants. The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The Town Council is composed of five (5) members, duly elected by the citizens of the Town. The Town is located in the Northeast section of St. Martin Parish and has approximately 1,600 persons living within the town limits.

The following is a summary of certain significant accounting policies:

A. Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of Henderson is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and, (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town has no component units as described in (b) and (c) above.

The accompanying financial statements of the Town of Henderson (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) generally accepted in the United States of America as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity, except the fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary (enterprise). The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Several funds of the Town are considered to be major funds and are described below:

Governmental Fund Types-

General Fund

The general fund is the general operating fund of the municipality which accounts for all financial resources, except those required to be accounted for in other funds.

Special Revenue Fund -

Sales Tax Fund

To account for the receipt and use of proceeds of the Town's 1% sales and use tax approved in a special election in June 1972. These taxes are dedicated for the purpose of constructing, acquiring, extending, improving and/or maintaining streets and incidental public buildings, including the acquisition of all necessary land, equipment, and furnishings for the aforesaid public works and improvements; and, maintaining and operating garbage and waste collection and disposal facilities, including the purchase of equipment.

Proprietary Fund Type-

Enterprise Fund

The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are derived from charges for services. All other revenues are reported as nonoperating.

The Town's nonmajor funds are described below:

Special Revenue Fund -

Park Fund

To account for the revenues for park usage fees and expenses for maintaining the park.

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Capital Projects Fund –

Book Fairy Fund

To account for the remodeling and maintenance of the Town's library.

Fiduciary Fund Type –

Agency Fund

The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The agency fund of the Town is used as a depository for the Lynch Botanical Gardens and Bird Sanctuary, Land Acquisition, Planning and Construction Project. Disbursements for this project are limited to capital improvements.

C. Measurement Focus/Basis Of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, all governmental funds utilize the current financial resources measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions.”

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within 60 days of the end of the fiscal year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Ad valorem taxes are recognized as revenue in the year for which they are budgeted, that is, in the year they are billed and collected. Other major revenues considered susceptible to accrual are earned grant revenues.

All proprietary funds are accounted for on a flow of economic resources measurement focus. Fund equity is classified as net assets. Proprietary fund-type operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets. The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

D. Assets, Liabilities, and Equity

Cash

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts of the Town. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Capital Assets

The accounting treatment for buildings, improvements and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Interest costs are capitalized as they relate to fixed assets. The Town's threshold for capitalization is \$1,000.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	20-40 years
Sewer distribution system	25 years
Equipment and vehicles	3-10 years
Infrastructure	10-40 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Prior to the adoption of GASB 34, it was the Town's policy not to record infrastructure; therefore, the Town did not have a complete listing of infrastructure. However, through the years, a partial list of infrastructure was maintained. The Town has opted not to do a detailed analysis of existing infrastructure. Rather, we will include the infrastructure for which we do have cost information available, and begin accumulating infrastructure information prospectively.

Long-term debt

All long-term debt to be repaid from governmental and business-type funds is reported as liabilities in the government-wide statements. The long-term debt consists of both bonds payable and notes payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt is reported as other financing sources and payment of principal and interest reported as expenditures.

The Town's policy concerning vacation time and sick leave is such that unused amounts are lost each year unless taken. Therefore, at June 30, 2009 there is no accrual for accumulated leave.

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Budgets And Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Town Clerk prepares a proposed budget and submits it to the Mayor and Town Council no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all actions necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Town Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Town Council. Such amendments were not material in relation to the original appropriations.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009 are recorded as prepaid items. The only prepaid item that existed at June 30, 2009 was prepaid insurance.

(2) Cash and interest bearing deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2009, the Town has cash and interest-bearing deposits (book balances) totaling \$706,820 of which \$10 is attributable to the nonmajor fiduciary fund, which is not presented in the statement of net assets.

These deposits are stated at cost, which approximates market. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy, by state law, is that all deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit within the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2009 are secured as follows:

Bank Balances	<u>\$ 725,860</u>
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At June 30, 2009 the deposits are secured as follows:

Insured	\$ 293,750
Uninsured and collateral held by pledging bank not in Town's name	<u>432,110</u>

Total	<u>\$ 725,860</u>
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TOWN OF HENDERSON, LOUISIANA
Notes to Basic Financial Statements (Continued)

(3) Restricted Cash

Restricted cash at June 30, 2009 is comprised of the following:

	Governmental Activities	Business-Type Activities	Total
Customer deposits	\$ 1,350	\$ 2,900	\$ 4,250
Sinking Fund	-	4,832	4,832
Renewal and Replacement Fund	-	5,503	5,503
Reserve Fund	-	5,502	5,502
 Total	 <u>\$ 1,350</u>	 <u>\$ 18,737</u>	 <u>\$ 20,087</u>

Cash is restricted in the governmental activities for deposits on garbage accounts by customers. Cash is restricted in the business-type activities for deposits on sewer accounts by customers and for future payments on long-term debt.

(4) Receivables

The following is a summary of receivables at June 30, 2009:

	Governmental Activities	Business-Type Activities	Total
Franchise tax	\$ 12,606	\$ -	\$ 12,606
Fines and forfeitures	583	-	583
Garbage collection	31,935	-	31,935
Sewer collection	-	24,968	24,968
 Total	 <u>\$ 45,124</u>	 <u>\$ 24,968</u>	 <u>\$ 70,092</u>

(5) Due From Other Governments

Amounts due from other governments at June 30, 2009, consist of the following:

	Governmental Activities	Business-Type Activities
Federal grants	\$ 38,685	\$ 10,467
Video poker	457	-
Beer and tobacco tax	745	-
Sales tax receivable	6,819	-
	<u>\$ 46,706</u>	<u>\$ 10,467</u>

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) Capital Assets

Capital asset activity for the year ended June 30, 2009 is as follows:

	Balance 07/01/08	Additions	Deletions	Balance 6/30/2009
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 31,000	\$ -	\$ -	\$ 31,000
Other capital assets:				
Buildings	222,440	-	-	222,440
Autos & equipment	218,156	61,576	(18,376)	261,356
Streets & improvements	351,339	452,182	-	803,521
Parks & facilities	271,519	8,350	-	279,869
Office equipment	26,210	-	-	26,210
Total capital assets	<u>1,120,664</u>	<u>522,108</u>	<u>(18,376)</u>	<u>1,624,396</u>
Less accumulated depreciation:				
Buildings	114,839	5,569	-	120,408
Autos & equipment	111,259	32,518	(18,376)	125,401
Streets & improvements	163,784	10,502	-	174,286
Parks & facilities	97,185	8,110	-	105,295
Office equipment	11,344	2,985	-	14,329
Total accumulated depreciation	<u>498,411</u>	<u>59,684</u>	<u>(18,376)</u>	<u>539,719</u>
Governmental activities, capital assets, net	<u>\$ 622,253</u>	<u>\$ 462,424</u>	<u>\$ -</u>	<u>\$ 1,084,677</u>

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

	Balance 07/01/08	Additions	Deletions	Balance 6/30/2009
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 21,600	\$ -	\$ -	\$ 21,600
Other capital assets:				
Buildings	5,700,658	-	-	5,700,658
Equipment	15,638	6,064	-	21,702
Total capital assets	<u>5,737,896</u>	<u>6,064</u>	<u>-</u>	<u>5,743,960</u>
Less: accumulated depreciation				
Buildings	190,022	228,026	-	418,048
Equipment	1,433	2,754	-	4,187
Total accumulated depreciation	<u>191,455</u>	<u>230,780</u>	<u>-</u>	<u>422,235</u>
Business-type activities, capital assets, net	<u>\$ 5,546,441</u>	<u>\$ (224,716)</u>	<u>\$ -</u>	<u>\$ 5,321,725</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 21,360
Police	29,241
Culture and recreation	<u>9,083</u>
Total depreciation expense	<u>\$ 59,684</u>

(7) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2009:

	Governmental Activities	Business-Type Activities	Total
Accounts	\$ 31,593	\$ 5,204	\$ 36,797
Payroll withholdings	562	34	596
Retainage payable	<u>38,685</u>	<u>-</u>	<u>38,685</u>
Total	<u>\$ 70,840</u>	<u>\$ 5,238</u>	<u>\$ 76,078</u>

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Interfund Transactions

A. Receivables and payables

A detail of interfund receivable and payable balances as of June 30, 2009:

Fund	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 40,163	\$ -
Sales Tax Special Revenue Fund	11,133	-
Enterprise Fund:		
Utility Fund	-	51,296
Total	<u>\$ 51,296</u>	<u>\$ 51,296</u>

The interfund receivable/payable balances noted above relate to the ongoing sewer project of the utility fund, which should be repaid within the following year.

B. Interfund transfers

Interfund transfers consisted of the following at June 30, 2009:

Fund	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ -	\$ 13,350
Nonmajor Funds	13,350	-
Total	<u>\$ 13,350</u>	<u>\$ 13,350</u>

Transfers made are to help with expenditures.

(9) Ad Valorem Taxes

For the year ended June 30, 2009, taxes of 1.77 mills were levied on property with assessed valuations totaling \$3,494,951.

Total taxes levied for the year ended June 30, 2009 were \$6,186. The taxes are levied and assessed around October or November, respectively, of each year. Tax bills are mailed in December, become liens on December 31, and are delinquent if unpaid as of March 1. The majority of collections occur in the months of December through February.

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(10) Changes in Agency Fund Balance

A summary of the changes in agency fund balance follows:

Balances, June 30, 2008	\$ 10
Additions	-
Deletions	-
Balances, June 30, 2009	<u>\$ 10</u>

(11) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Town of Henderson for the year ended June 30, 2009. The general obligation bonds related to governmental activities while the revenue bonds relate to business-type activities. General obligation debt is paid for by the general fund whereas revenue bonds are paid for by the utility fund. In the past, payments, on long-term debt were paid in the same manner.

	General Obligation	Revenue Bonds
Long-term debt, June 30, 2008	\$ 9,092	\$ 1,606,034
Additions	-	-
Deletions	(2,168)	(35,135)
Long-term debt, June 30, 2009	<u>\$ 6,924</u>	<u>\$ 1,570,899</u>

TOWN OF HENDERSON, LOUISIANA
Notes to Basic Financial Statements (Continued)

Long-term debt at June 30, 2009 is as follows:

Revenue bonds

\$600,000 Sewer Revenue Bond Series 2000, issued by the Louisiana Department of Environmental Quality, with an interest rate of 3.45% and a maturity date of March 1, 2027.	\$ 579,000
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Bonds Payable

\$641,000 bond payable, issued by USDA, due in monthly installments of \$2,930; interest rate of 4.50%; full maturity at March 2046.	626,270
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\$375,000 bond payable, issued by USDA, due in monthly installments of \$1,625; interest rate of 4.125%; full maturity at March 2046.	<u>365,629</u>
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Total bonds payable	<u>\$ 1,570,899</u>
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General obligation debt

\$19,260 note payable due in monthly installments of \$235; interest rate of 8%; full maturity at March 2012.	<u>\$ 6,924</u>
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TOWN OF HENDERSON, LOUISIANA
Notes to Basic Financial Statements (Continued)

The annual requirements to amortize the outstanding debt as of June 30, 2009 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 36,292	\$ 63,167
2011	38,018	61,682
2012	39,087	60,128
2013	38,609	58,651
2014	39,214	57,184
2015-2019	225,126	262,028
2020-2024	273,838	215,509
2025-2029	268,351	158,670
2030-2034	155,835	117,492
2035-2039	193,748	79,579
2040-2044	240,904	32,023
2045-2046	<u>28,801</u>	<u>-</u>
Total	<u>\$1,577,823</u>	<u>\$ 1,166,113</u>

(12) Sales Taxes

Proceeds of a 1% sales and use tax approved in a special election in June 1972 are dedicated to be used for the purpose of constructing, acquiring, extending, improving and/or maintaining streets and incidental public buildings, including the acquisition of all necessary land, equipment, and furnishings for the aforesaid public works and improvements; and, maintaining and operating garbage and waste collection and disposal facilities, including the purchase of equipment.

Proceeds from the 1% sales and use tax were \$87,863 for the year ended June 30, 2009.

(13) Park Fund

On April 13, 1984, the Town Council approved the establishment of a Park Fund. The fund is to be used to account for revenues from park usage fees and expenses for maintaining the park.

Park usage fees collected for the year ended June 30, 2009 were \$11,825.

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Compensation of Town Officials

A detail of compensation paid to Town officials for the year ended June 30, 2009 follows:

Sherbin Collette, Mayor	<u>\$ 35,833</u>
Leroy Guidry, Chief of Police	<u>\$ 34,333</u>
Town Council-	
Samantha Leblanc	\$ 200
Don Legrand	1,040
Jody Meche	1,040
Elizabeth Robin	800
Ray Robin	1,040
Michael Theriot	<u>1,040</u>
	<u>\$ 5,160</u>

(15) Risk Management

The Town is exposed to risks of loss in the areas of general and auto liability, property hazards, and workers' compensation. Those risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the year ended June 30, 2009, nor have settlements exceeded insurance coverage for the past three years.

(16) Federal Financial Assistance Programs

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the federal grantor agencies. No provision has been made in the financial statements for the reimbursement of any expenditures that may be disallowed as a result of such a review or audit.

(17) On-behalf Payments

The Town has recognized \$20,417 as a revenue and an expenditure for on-behalf salary payments made by the state of Louisiana.

(18) Litigation

At June 30, 2009, the Town is involved in one lawsuit. Management is of the opinion that the outcome will be favorable, and therefore, no liability has been recorded.

**REQUIRED SUPPLEMENTARY
INFORMATION**

TOWN OF HENDERSON, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes				
Ad valorem	\$ 6,000	\$ 6,000	\$ 6,581	\$ 581
Beer & tobacco taxes	4,000	4,000	3,456	(544)
Franchise taxes	67,000	67,000	63,816	(3,184)
Total taxes	77,000	77,000	73,853	(3,147)
Licenses and permits	10,000	10,000	24,287	14,287
Federal grants	-	393,000	432,425	39,425
Intergovernmental revenues:				
Video poker	4,600	4,600	4,022	(578)
Total intergovernmental revenues	4,600	4,600	4,022	(578)
State funds:				
State grants	29,380	2,280	11,040	8,760
State revenue sharing	3,400	3,400	2,535	(865)
Supplemental pay	-	25,500	20,471	(5,029)
Total state funds	32,780	31,180	34,046	2,866
Fines and forfeitures	600,000	600,000	665,743	65,743
Miscellaneous income	6,400	6,400	9,482	3,082
Total revenues	730,780	1,122,180	1,243,858	121,678
Expenditures:				
General government:				
Legislative	5,200	5,200	5,160	40
Judicial	3,000	23,000	13,620	9,380
Executive	33,000	61,800	60,313	1,487
Finance & administrative	100,100	159,900	101,554	58,346
Total general government	141,300	249,900	180,647	69,253
Public safety	403,700	428,500	346,273	82,227
Debt service:				
Principal	2,168	2,168	2,168	-
Interest	651	651	651	-
Capital outlay	5,000	492,600	513,758	(21,158)
Total expenditures	552,819	1,173,819	1,043,497	130,322
Excess (deficiency) of revenues over expenditures	177,961	(51,639)	200,361	252,000
Other financing uses:				
Transfer out	(5,000)	(5,000)	(13,350)	(8,350)
Total other financing uses	(5,000)	(5,000)	(13,350)	(8,350)
Net change in fund balances	172,961	(56,639)	187,011	243,650
Fund balance, beginning	204,325	405,194	405,194	-
Fund balance, ending	\$ 377,286	\$ 348,555	\$ 592,205	\$ 243,650

TOWN OF HENDERSON, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Sales and use tax	\$ 70,000	\$ 70,000	\$ 87,863	\$ 17,863
Garbage collection fees	102,000	102,000	110,764	8,764
Miscellaneous income	500	500	-	(500)
Investment income	1,000	1,000	632	(368)
Total revenues	<u>173,500</u>	<u>173,500</u>	<u>199,259</u>	<u>25,759</u>
Expenditures:				
General government -				
Finance & administrative	82,800	84,300	73,344	10,956
Sanitation	<u>100,000</u>	<u>100,000</u>	<u>104,150</u>	<u>(4,150)</u>
Total expenditures	<u>182,800</u>	<u>184,300</u>	<u>177,494</u>	<u>6,806</u>
Net change in fund balances	(9,300)	(10,800)	21,765	32,565
Fund balance, beginning	<u>96,987</u>	<u>110,862</u>	<u>110,862</u>	<u>-</u>
Fund balance, ending	<u>\$ 87,687</u>	<u>\$ 100,062</u>	<u>\$ 132,627</u>	<u>\$ 32,565</u>

OTHER SUPPLEMENTARY INFORMATION

NON MAJOR FUND DESCRIPTION

Park Fund -

To account for the revenues from park usage fees and expenses for maintaining the park.

Book Fairy Fund-

To account for the remodeling and maintenance of the Town's library.

TOWN OF HENDERSON
Henderson, Louisiana
Nonmajor Governmental Funds

Balance Sheet
June 30, 2009

	<u>Park Fund</u>	<u>Book Fairy Fund</u>	<u>Total</u>
ASSETS			
Cash	<u>\$ 14,111</u>	<u>\$ 3,658</u>	<u>\$ 17,769</u>
Total Assets	<u>\$ 14,111</u>	<u>\$ 3,658</u>	<u>\$ 17,769</u>
LIABILITIES AND FUND BALANCE			
Liabilities	<u>\$ 573</u>	<u>\$ 18</u>	<u>\$ 591</u>
Total liabilities	<u>573</u>	<u>18</u>	<u>591</u>
Fund balance:			
Unreserved	<u>13,538</u>	<u>3,640</u>	<u>17,178</u>
Total fund balance	<u>13,538</u>	<u>3,640</u>	<u>17,178</u>
Total liabilities and fund balance	<u>\$ 14,111</u>	<u>\$ 3,658</u>	<u>\$ 17,769</u>

TOWN OF HENDERSON, LOUISIANA

Nonmajor Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2009

	Park Fund	Book Fairy Fund	Total
Revenues:			
Park use fees	\$ 11,825	\$ -	\$ 11,825
Federal grants	9,115	-	9,115
Total revenues	<u>20,940</u>	<u>-</u>	<u>20,940</u>
Expenditures:			
Current -			
Miscellaneous	25	-	25
Refunds	1,875	-	1,875
Repairs and maintenance	3,572	-	3,572
Supplies	1,282	245	1,527
Taxes	-	886	886
Utilities	4,931	290	5,221
Capital Outlay	8,350	-	8,350
Total expenditures	<u>20,035</u>	<u>1,421</u>	<u>21,456</u>
Excess (deficiency) of revenues over expenditures	<u>905</u>	<u>(1,421)</u>	<u>(516)</u>
Other financing sources:			
Operating transfers in	<u>8,350</u>	<u>5,000</u>	<u>13,350</u>
Total other financing sources	<u>8,350</u>	<u>5,000</u>	<u>13,350</u>
Net changes in fund balances	9,255	3,579	12,834
Fund balance, beginning	<u>4,283</u>	<u>61</u>	<u>4,344</u>
Fund balance, ending	<u>\$ 13,538</u>	<u>\$ 3,640</u>	<u>\$ 17,178</u>

TOWN OF HENDERSON, LOUISIANA

Statements of Net Assets
Proprietary Fund
June 30, 2009 and 2008

	2009	2008
ASSETS		
Current assets:		
Cash	\$ 20,207	\$ 31,796
Accounts receivable	24,968	24,390
Due from other governments	10,467	-
Total current assets	<u>55,642</u>	<u>56,186</u>
Noncurrent assets:		
Restricted cash	18,737	-
Capital assets	5,321,725	5,546,441
Total noncurrent assets	<u>5,340,462</u>	<u>5,546,441</u>
Total assets	<u>5,396,104</u>	<u>5,602,627</u>
LIABILITIES		
Current liabilities:		
Accounts payable	5,238	5,390
Due to other funds	51,296	51,296
Bonds payable	33,945	33,260
Customer deposits	2,900	-
Total current liabilities	<u>93,379</u>	<u>89,946</u>
Noncurrent liabilities:		
Bonds payable	1,536,954	1,569,774
Total liabilities	<u>1,630,333</u>	<u>1,659,720</u>
NET ASSETS		
Invested in capital assets, net of related debt	3,750,826	3,943,407
Restricted	15,837	-
Unrestricted	(892)	(500)
Total net assets	<u>\$3,765,771</u>	<u>\$3,942,907</u>

TOWN OF HENDERSON, LOUISIANA

Statements of Revenues, Expenses, and Changes in Fund Net Assets -
Proprietary Fund
For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Charges for services -		
Sewer service charges	\$ 199,524	\$ 209,697
Total operating revenue	<u>199,524</u>	<u>209,697</u>
Operating expenses:		
Administrative fees	2,988	4,582
Contract labor	18,960	16,800
Computer expense	2,237	4,500
Supplies, repairs and maintenance	33,794	12,532
Professional fees	2,163	3,086
Installation and technician fee	6,400	15,000
Depreciation	230,780	191,454
Testing and inspection fees	1,605	2,560
Utilities	24,602	27,883
Waste disposal fees	1,800	9,266
Salaries	2,333	-
Payroll expenses	226	-
Miscellaneous	4,446	1,335
Total operating expenses	<u>332,334</u>	<u>288,998</u>
Operating loss	<u>(132,810)</u>	<u>(79,301)</u>
Non-operating revenue (expenses):		
Grants:		
LCDBG grant	-	8,025
Rural Development grant	-	129,120
FEMA grant	10,467	-
Interest expense	(64,147)	(75,541)
Miscellaneous income	9,354	1,662
Total non-operating revenue (expenses)	<u>(44,326)</u>	<u>63,266</u>
Change in net assets	(177,136)	(16,035)
Net assets, beginning	<u>3,942,907</u>	<u>3,958,942</u>
Net assets, ending	<u>\$ 3,765,771</u>	<u>\$ 3,942,907</u>

TOWN OF HENDERSON, LOUISIANA

Statements of Cash Flows
Proprietary Fund
For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Receipts from customers	\$ 198,946	\$ 207,752
Payments to suppliers	(99,373)	(349,391)
Payments to employees	(2,333)	-
Net cash provided (used) by operating activities	<u>97,240</u>	<u>(141,639)</u>
Cash flows from noncapital financing activities:		
Increase in customer deposits, net of refunds	2,900	-
Other receipts	9,354	1,662
Net cash provided by noncapital financing activities	<u>12,254</u>	<u>1,662</u>
Cash flows from capital and related financing activities:		
Grant proceeds	-	241,322
Interest paid on bonds & notes payable	(64,147)	(75,541)
Principal paid on bonds & notes payable	(32,135)	(12,984)
Proceeds from DEQ bonds	-	14,660
Acquisition of capital assets	(6,064)	(28,438)
Net cash provided (used) by capital and related financing activities	<u>(102,346)</u>	<u>139,019</u>
Cash flows from investing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	7,148	(958)
Cash and cash equivalents, beginning of period	<u>31,796</u>	<u>32,754</u>
Cash and cash equivalents, end of period	<u>\$ 38,944</u>	<u>\$ 31,796</u>

(continued)

TOWN OF HENDERSON, LOUISIANA

Statements of Cash Flows
Proprietary Fund (continued)
For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Reconciliation of operating income to net cash provided by operating activities:		
Cash flows from operating activities		
Operating loss	\$ (132,810)	\$ (79,301)
Adjustments to reconcile operating loss to net cash provided by operating activities-		
Depreciation	230,780	191,454
Changes in current assets & liabilities:		
Increase in accounts receivable	(578)	(1,945)
Decrease in accounts payable	(152)	(7,517)
Decrease in contract payable	-	(95,803)
Decrease in retainage payable	-	(148,527)
Total adjustments	<u>230,050</u>	<u>(62,338)</u>
Net cash provided (used) by operating activities	<u>\$ 97,240</u>	<u>\$ (141,639)</u>

TOWN OF HENDERSON, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
June 30, 2009

Description of Coverage	Coverage Amounts
Workmen's compensation - Employer's liability	\$ 500,000
Surety bonds -	
Public employees	(per employee) 10,000
Honesty blanket	79,000
Building and contents	185,000
General liability	500,000
Law enforcement officers' liability	500,000
Public officials' errors and omissions liability	500,000
Commercial auto	500,000

TOWN OF HENDERSON, LOUISIANA
Proprietary Fund

Schedule of Number of Sewer Customers and Rates
(Unaudited)
June 30, 2009

Records maintained by the Town indicated the following number of customers were being serviced during the month of June 30, 2009:

<u>Customer Type</u>	<u>Number</u>
Residential	559
Commercial	37

Residential customers are charged \$22 for the first 2,000 gallons of water and \$1.50 per 1,000 gallons above the first 2,000. Commercial customers are charged \$28.75 for the first 7,000 gallons of water and \$1.50 per 1,000 gallons above the first 7,000.

**INTERNAL CONTROL
COMPLIANCE
AND
OTHER MATTERS**

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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The Honorable Sherbin Collette, Mayor
and Members of the Town Council
Town of Henderson, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Henderson, Louisiana as of and for the year ended June 30, 2009, which collectively comprise the Town of Henderson, Louisiana's basic financial statements and have issued our report thereon dated September 17, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Henderson, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Henderson, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Henderson, Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Henderson, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Henderson, Louisiana's financial statements that

is more than inconsequential will not be prevented or detected by the Town of Henderson, Louisiana's internal control. We consider the deficiencies described in the accompanying schedule of prior and current year audit findings and management's corrective action plan to be significant deficiencies in internal control over financial reporting (items 09-1 and 09-2).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Henderson, Louisiana's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 09-1 and 09-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Henderson, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted a certain matter that we reported to management of the Town of Henderson, Louisiana in a separate letter dated September 17, 2009.

The Town of Henderson, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of prior and current year audit findings and management's corrective action plan. We did not audit the Town of Henderson, Louisiana's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the entity, Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC

Certified Public Accountants

Breaux Bridge, Louisiana
September 17, 2009

TOWN OF HENDERSON, LOUISIANA

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan
For the Year Ended June 30, 2009

I. Prior Year Findings:

Internal Control Over Financial Reporting

08-1 – Inadequate Segregation of Accounting Functions

Finding: Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.

Status: Unresolved. See item 09-1.

08-2 – Inadequate Controls over Financial Statement Preparation

Finding: The Town does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Status: Unresolved. See item 09-2.

Compliance

There were no findings that were required to be reported at June 30, 2008.

Management Letter Items

08-3 – Past Due Billings

Finding: The Town of Henderson needs to pursue collection related to past due garbage billings.

Status: Unresolved. See item 09-3.

II. Current Year Findings and Management's Corrective Action Plan:

Internal Control Over Financial Reporting

09-1 – Inadequate Segregation of Accounting Functions

Finding: Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.

Management's Corrective Action Plan: Mayor Sherbin Collette has determined that it is not feasible to achieve adequate segregation of functions within the accounting department. No plan is considered necessary.

(continued)

TOWN OF HENDERSON, LOUISIANA

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan (continued)
For the Year Ended June 30, 2009

09-2 – Inadequate Controls over Financial Statement Preparation

Finding: The Town does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Management's Corrective Action Plan: Mayor Sherbin Collette has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

Compliance

There are no findings that are required to be reported at June 30, 2009.

Management Letter Items

09-3 – Past Due Billings

Finding: The Town of Henderson needs to pursue collection related to past due garbage billings.

Management's Corrective Action Plan: Mayor Sherbin Collette and the Town Council are currently consulting their legal counsel.

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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The Honorable Sherbin Collette, Mayor
and Members of the Town Council
Town of Henderson, Louisiana

We have audited the financial statements of the Town of Henderson for the year ended June 30, 2009 and submitted our report to you dated September 17, 2009.

We noted a certain area in which improvements in the financial practices of the Town may be desirable:

The Town of Henderson needs to pursue collection related to past due garbage billings.

Should you have any questions or need assistance regarding our recommendation, please feel free to contact us.

Kolder, Champagne, Slaven, & Company, LLC

Certified Public Accountants

Breaux Bridge, Louisiana
September 17, 2009